

date of completion, whenever FmHA or its successor agency under Public Law 103-354 determines that the grantee has failed to comply with terms of the Agreement. The State Director will notify the grantee in writing giving the reasons for the action and inform the grantee of its rights of appeal by use of exhibit B-3 of subpart B of part 1900 of this chapter.

(2) *Termination for convenience.* FmHA or its successor agency under Public Law 103-354 or the grantee may terminate the grant in whole, or in part, when both parties agree that the continuation of the grant would not produce beneficial results. The two parties will agree in writing to the termination conditions including the effective date. No notice of rights of appeal will be issued by FmHA or its successor agency under Public Law 103-354.

[55 FR 41833, Oct. 16, 1990, as amended at 67 FR 78328, Dec. 24, 2002; 68 FR 61331, Oct. 28, 2003]

§ 1944.427 Grantee self-evaluation.

Annually or more often, the board of directors will evaluate their own self-help program. Exhibit E of this subpart is provided for that purpose. It is also recommended that they review their personnel policy, any audits that may have been conducted and other reports to determine if they need to make adjustments in order to prevent fraud and abuse, and meet the goals in the current grant agreement.

§§ 1944.428–1944.449 [Reserved]

§ 1944.450 OMB control number.

The reporting and recordkeeping requirements contained in this regulation have been approved by the Office of Management and Budget and have been assigned OMB control number 0575-0043. Public reporting burden for this collection of information is estimated to vary from 10 minutes to 18 hours per response, with an average of 1.17 hours per response including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, includ-

ing suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB# 0575-0043), Washington, DC 20503.

EXHIBIT A TO SUBPART I OF PART 1944— SELF-HELP TECHNICAL ASSISTANCE GRANT AGREEMENT

THIS GRANT AGREEMENT dated _____, 19____, is between _____

a nonprofit corporation ("Grantee"), organized and operating under _____

(authorizing State statute)

and the United States of America acting through the Farmers Home Administration, Department of Agriculture ("FmHA") or its successor agency under Public Law 103-354.

In consideration of financial assistance in the amount of \$ _____ (called "Grant Funds") to be made available by FmHA or its successor agency under Public Law 103-354 to Grantee under section 523(b)(1)(A) of the Housing Act of 1949 to be used in (specify area to be served) _____ for the purpose of providing a program of technical and supervisory assistance which will aid low-income families in carrying out mutual self-help housing efforts. Grantee will provide such a program in accordance with the terms of this Agreement and FmHA or its successor agency under Public Law 103-354 regulations.

DEFINITIONS:

Date of Completion means the date when all work under a grant is completed or the date in the TA Grant Agreement, or any supplement or amendment thereto, on which Federal assistance ends.

Disallowed costs are those charges to a grant which the FmHA or its successor agency under Public Law 103-354 determines cannot be authorized.

Grant Closeout is the process by which the grant operation is concluded at the expiration of the grant period or following a decision to terminate the grant.

Termination of a grant means the cancellation of Federal assistance, in whole or in part, under a grant at any time prior to the date of completion.

TERMS OF AGREEMENT:

(a) This Agreement shall terminate _____ years from this date unless extended or sooner terminated under paragraphs (e) and (f) of this Agreement.

(b) Grantee shall carry out the self-help housing activity described in the application docket which is attached to and made a part

of this Agreement. Grantee will be bound by the conditions set forth in the docket, 7 CFR part 1944, subpart I, and the further conditions set forth in this Agreement. If any of the conditions in the docket are inconsistent with those in the Agreement or subpart I of part 1944, the latter will govern. A waiver of any condition must be in writing and must be signed by an authorized representative of FmHA or its successor agency under Public Law 103-354.

(c) Grantee shall use grant funds only for the purposes and activities specified in FmHA or its successor agency under Public Law 103-354 regulations and in the application docket approved by FmHA or its successor agency under Public Law 103-354 including the approved budget. Any uses not provided for in the approved budget must be approved in writing by FmHA or its successor agency under Public Law 103-354 in advance.

(d) If Grantee is a private nonprofit corporation, expenses charged for travel or per diem will not exceed the rates paid FmHA or its successor agency under Public Law 103-354 employees for similar expenses. If Grantee is a public body, the rates will be those that are allowable under the customary practice in the government of which Grantee is a part; if none are customary, the FmHA or its successor agency under Public Law 103-354 rates will be the maximum allowed.

(e) Grant closeout and termination procedures will be as follows:

(1) Promptly after the date of completion or a decision to terminate a grant, grant closeout actions are to be taken to allow the orderly discontinuation of Grantee activity.

(i) Grantee shall immediately refund to FmHA or its successor agency under Public Law 103-354 any uncommitted balance of grant funds.

(ii) Grantee will furnish to FmHA or its successor agency under Public Law 103-354 within 90 days after the date of completion of the grant a "Financial Status Report", Form SF-269A. All financial, performance, and other reports required as a condition of the grant will also be completed.

(iii) Grantee shall account for any property acquired with technical assistance (TA) grant funds, or otherwise received from FmHA or its successor agency under Public Law 103-354.

(iv) After the grant closeout, FmHA or its successor agency under Public Law 103-354 retains the right to recover any disallowed costs which may be discovered as a result of any audit.

(2) When there is reasonable evidence that Grantee has failed to comply with the terms of this Agreement, the State Director may determine Grantee as "high risk". A "high risk" Grantee will be supervised to the extent necessary to protect the Government's

interest and to help Grantee overcome the deficiencies.

(3) Grant termination will be based on the following:

(i) *Termination for cause.* This grant may be terminated in whole, or in part, 90 days after a Grantee has been classified as "high risk" if the State Director determines that Grantee has failed to correct previous deficiencies and is unlikely to correct such items if additional time is allowed. The reasons for termination may include, but are not limited to, such problems as:

(A) Actual TA costs significantly exceeding the amount stipulated in the proposal.

(B) The number of homes being built is significantly less than proposed construction or is not on schedule.

(C) The cost of housing not being appropriate for the self-help program.

(D) Failure of Grantee to only use grant funds for authorized purposes.

(E) Failure of Grantee to submit adequate and timely reports of its operation.

(F) Failure of Grantee to require families to work together in groups by the mutual self-help method in the case of new construction.

(G) Serious or repetitive violation of any of the provisions of any laws administered by FmHA or its successor agency under Public Law 103-354 or any regulation issued under those laws.

(H) Violation of any nondiscrimination or equal opportunity requirement administered by FmHA or its successor agency under Public Law 103-354 in connection with any FmHA or its successor agency under Public Law 103-354 programs.

(I) Failure to establish an accounting system acceptable to FmHA or its successor agency under Public Law 103-354.

(J) Failure to serve very low-income families.

(K) Failure to recruit families from substandard housing.

(ii) *Termination for convenience.* FmHA or its successor agency under Public Law 103-354 or Grantee may terminate the grant in whole, or in part, when both parties agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in case of partial termination, the portion to be terminated.

(4) To terminate a grant for cause, FmHA or its successor agency under Public Law 103-354 shall promptly notify Grantee in writing of the determination and the reasons for and the effective date of the whole or partial termination. Grantee will be advised of its appeal rights under 7 CFR part 1900, subpart B.

(f) An extension of this grant agreement may be approved by FmHA or its successor

agency under Public Law 103-354 provided, in its opinion, the extension is justified and there is a likelihood that the Grantee can accomplish the goals set out and approved in the application docket during the period of the extension.

(g) Grant funds may not be used to pay obligations incurred before the date of this Agreement. Grantee will not obligate grant funds after the grant termination or completion date.

(h) As requested and in the manner specified by FmHA or its successor agency under Public Law 103-354, the Grantee must make quarterly reports, exhibit C of this subpart (on $\frac{1}{15}$, $\frac{1}{15}$, $\frac{1}{15}$ and $\frac{10}{15}$ of each year), and a financial status report at the end of the grant period, and permit on-site inspections of program progress by FmHA or its successor agency under Public Law 103-354 representatives. FmHA or its successor agency under Public Law 103-354 may require progress reports more frequently if it deems necessary. Grantee must also comply with the audit requirements found in §1944.422 of subpart I of 7 CFR part 1944, if applicable. Grantee will maintain records and accounts, including property, personnel and financial records, to assure a proper accounting of all grant funds. These records will be made available to FmHA or its successor agency under Public Law 103-354 for auditing purposes and will be retained by Grantee for three years after the termination or completion of this grant.

(i) Acquisition and disposal of personal equipment and supplies should comply with subpart R of 7 CFR part 3015 and subpart C of 7 CFR part 3016.

(j) Results of the program assisted by grant funds may be published by Grantee without prior review by FmHA or its successor agency under Public Law 103-354, provided that such publications acknowledge the support provided by funds pursuant to the provisions of Title V of the Housing Act of 1949, 42 U.S.C. 1471, *et seq.*, and that five copies of each such publication are furnished to the local representative of FmHA or its successor agency under Public Law 103-354.

(k) Grantee certifies that no person or organization has been employed or retained to solicit or secure this grant for a commission, percentage, brokerage, or contingent fee.

(l) Grantee shall comply with all civil rights laws and the FmHA or its successor agency under Public Law 103-354 regulations implementing these laws.

(m) In all hiring or employment made possible by or resulting from this grant, Grantee: (1) Will not discriminate against any employee or applicant for employment because of race, religion, color, sex, marital status, national origin, age, or mental or physical handicap, and (2) will take affirmative action to insure that applicants are employed, and that employees are treated during employment without regard to their race, reli-

gion, color, sex, marital status, national origin, or mental or physical handicap. This requirement shall apply to, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. In the event Grantee signs a contract which would be covered by any Executive Order, law, or regulation prohibiting discrimination, Grantee shall include in the contract the "Equal Employment Clause" as specified by FmHA or its successor agency under Public Law 103-354.

(n) It is understood and agreed by Grantee that any assistance granted under this Agreement will be administered subject to the limitations of Title V of the Housing Act of 1949 as amended, 42 U.S.C. 1471 *et seq.*, and related regulations, and that rights granted to FmHA or its successor agency under Public Law 103-354 in this Agreement or elsewhere may be exercised by it in its sole discretion to carry out the purposes of the assistance, and protect FmHA or its successor agency under Public Law 103-354's financial interest.

(o) Grantee will maintain a code or standards of conduct which will govern the performance of its officers, employees, or agents. Grantee's officers, employees, or agents will neither solicit nor accept gratuities, favors, or anything of monetary value from suppliers, contractors, or others doing business with the grantee. To the extent permissible by State or local law, rules, or regulations such standards will provide for penalties, sanctions, or other disciplinary actions to be taken for violations of such standards.

(p) Grantee shall not hire or permit to be hired any person in a staff position or as a participant if that person or a member of that person's immediate household is employed in an administrative capacity by the organization, unless waived by the State Director. (For the purpose of this section, the term *household* means all persons sharing the same dwelling, whether related or not).

(q) Grantee's board members or employees shall not directly or indirectly participate, for financial gain, in any transactions involving the organization or the participating families. This includes activities such as selling real estate, building material, supplies, and services.

(r) Grantee will retain all financial records, supporting documents, statistical records, and other records pertinent to this agreement for 3 years, and affirms that it is fully aware of the provisions of the Administrative Remedies for False Claims and Statements Act, 31 U.S.C. 3801, *et seq.*

By _____
(Signature)

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7 CFR Ch. XVIII (1-1-04 Edition)

(Title)
GRANTEE
By _____
(Signature)

(Title)
FARMERS HOME ADMINISTRATION or its
successor agency under Public Law 103-354

**EXHIBIT B TO SUBPART I OF PART 1944—
EVALUATION REPORT OF SELF-HELP
TECHNICAL ASSISTANCE (TA)
GRANTS**

- Evaluation for Quarter Ending: (1) _____,
19 _____
1. a. Name of Grantee: (2) _____
b. Address: (3) _____
c. Area the grant serves: (4) _____
2. Date of Agreement: (5) _____ Time Ex-
tended (6) _____
3. a. Equivalent unit increase during quarter:
(7) _____
First Month
(8) _____
Second Month
(9) _____
Third Month
b. Cumulative total number of Equivalent
Units since beginning of grant:
(10) _____
Total to Date
4. a. Method of Construction:
Stick built _____%, Panelized _____%,
Combined _____%
b. Number of bedrooms per house built this
grant period:
2BR, _____
3BR, _____
- c. Household size this Quarter:
1 person _____,
2 persons _____,
3 persons _____,
4 persons _____,
5 persons _____.
- d. Number of houses under construction
this grant period, but started during pre-
vious grant period: _____
5. a. Number of houses proposed under this
grant:
(11) _____
b. Number of houses completed under this
grant:
(12) _____
c. Number of houses currently under con-
struction:
(13) _____
d. Number of families in pre construction:
(14) _____
e. Number of Construction Supervisors:
(15) _____
f. Number of TA employees:
(16) _____

6. a. Average time needed to construct a sin-
gle house:
(17) _____
b. Number of months between submission
of self-help borrower's docket and ap-
proval/rejection:
(18) _____
c. Number and percentage of loan docket
rejections during reporting period: _____
(19) _____
7. a. Did any of the following adversely affect
the Grantee's ability to accomplish pro-
gram objectives?

YES NO

TA Staff Turnover	_____	_____
FmHA Staff Turnover	_____	_____
Bad Weather	_____	_____
Loan Processing Delays ..	_____	_____
Site Acquisition and De- velopment	_____	_____
Unavailable Loan/Grant Funds	_____	_____
Lack of Participants	_____	_____
Communication between FmHA/Grantee	_____	_____

8. Attach information concerning number of
families contacted, number who have in-
dicated a willingness to be a partici-
pating family, number of mutual self-
help groups organized, progress on any
construction started, and any problems
relating to the operation of this grant.

I certify that the statements made above are
true to the best of my knowledge and be-
lief.

(20) _____
(Date)

(21) _____
(Title)

GRANTEE
(22) _____
(Signature)

County Office Review

I have reviewed the above information which
I have found to be substantially correct.
Must be completed by County Office.
Comment: Must be completed (23)
Average appraisal value of units financed
this Quarter:

_____ Average amount loan per unit financed this
Quarter:

(24) _____
(Date)

(25) _____
County Supervisor

District Office Review

Comment: Must be completed (26)
(27) _____

RHS, RBS, RUS, FSA, USDA

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Date

(28)

District Director

State Office Review

Comments: Must be completed (29)

(30)

Date

(31)

State Office Representative

**EXHIBIT B-1 TO SUBPART I OF PART
1944—INSTRUCTIONS FOR PREPARA-
TION OF EVALUATION REPORT OF
SELF-HELP TECHNICAL ASSISTANCE
GRANTS**

Exhibit B will be used by all Technical Assistance (TA) Grantees obtaining self-help TA grants. This attachment provides the grantee and FmHA or its successor agency under Public Law 103-354 a uniform method of reporting the performance progress of self-help projects. The TA Grantee will prepare an original and 4 copies of the attachment. The TA Grantee will sign the original and 3 copies and forward it to the local FmHA or its successor agency under Public Law 103-354 County Office. The TA Grantee will keep the unsigned copy for its records.

The evaluation report will be completed in accordance with the following:

1. Enter the date the quarter ends either March 31, June 30, September 30, or December 31 and the year.
2. Enter the full name of the TA Grantee organization.
3. Enter the complete mailing address of the TA Grantee organization.
4. Enter the area served by the grant.
5. Enter the date of the initial self-help TA grant agreement.
6. Enter the time of any extension self-help TA grant agreement(s).
7. Insert the number of equivalent units (EU) completed the first/second/third month of the quarter using steps 1, 2, and 3 of exhibit B-3.
8. Insert the number of EU's completed the second month of the quarter by using steps 1, 2, and 3 of exhibit B-3.
9. Insert the number of EU's completed the third month of the quarter by using steps 1, 2, and 3 of exhibit B-3.
10. Add items (7), (8), and (9) to the total from the previous quarterly report to obtain

the cumulative total number of EU's. This total is the cumulative total number of EU's for the project.

11. Enter the number of houses planned in the TA Grantee proposal(s).

12. Enter the number of houses completed and occupied since the beginning of the grant.

13. Enter the number of houses that are under construction at the end of this quarter.

14. Enter the number of families in the pre-construction phase.

15. Enter the total number of construction supervisor(s) paid with TA grant funds.

16. Enter the number of employees paid with TA grant funds including those listed in item 15.

17. Insert the average elapsed time needed per house from excavation to final inspection by FmHA or its successor agency under Public Law 103-354 to complete construction of a house. If no self-help homes have been completed by this grantee, use other projects or your best estimate as a guide.

18. Enter the number of months it takes on average to approve or reject a borrower's docket once it's submitted.

19. Enter number and percent of dockets submitted and rejected this quarter.

20. Enter date of exhibit submittal.

21. Insert title of the Grantee or authorized representative.

22. Signature of Grantee or authorized representative.

23. County Supervisor must answer questions concerning market value and loan amount and also should insert comments concerning progress of construction, success of the project and any problems that the organization may have.

24. Insert date of County Supervisor's review.

25. Signature of County Supervisor.

26. District Director representative should insert his/her comments concerning items listed in §1944.417(b)(1) of 1944-I.

27. Insert date of District Director review.

28. Signature of District Director or representative.

29. Insert State Office comments.

30. Insert date of State Office review.

31. Signature of State Office representative.

EXHIBIT B-2 TO SUBPART I OF PART 1944—BREAKDOWN OF CONSTRUCTION
DEVELOPMENT FOR DETERMINING PERCENTAGE CONSTRUCTION COMPLETED

	In percent—		
	With slab on grade	With crawl space	With base- ment
1. Excavation	3	5	6
The removal of earth to allow the construction of a foundation or basement.			
2. Footing, Foundations, columns	8	8	11
Footing: Construction of the spreading course or courses at the base or bottom of a foundation wall, pier, or column.			
Foundation: Construction of the supporting portion of a structure below the first floor construction, or below grade, including footing.			
3. Floor slab or framing	6	4	4
The floor slab consist of concrete, usually reinforced, poured over gravel and a vapor barrier with perimeter insulation to prevent heat loss.			
4. Subflooring	0	1	1
The installation of materials used for flooring that is laid directly on the joist and serving the purpose of a floor during construction prior installation of the finish floor.			
5. Wall framing sheathing	7	7	6
The construction process of putting together and erecting the skeleton parts of a building's walls (the rough lumber work) and, for the exterior walls, covering with sheathing (plywood, waferboard, oriented strand board or lumber) and insulating board to close up the side walls prior to the installation of finish materials on the surface.			
6. Roof and ceiling framing, sheathing	6	6	5
The process, or method, of putting the parts of a roof, such as truss, rafters, ridge and plates in position. Ceiling joist support the overhead interior lining of a room. Roof sheathing is any sheet material, such as plywood or particleboard, connected to the roof rafters or truss to act as a base for sheathing felt, shingles or other roof covers.			
7. Roofing	5	5	4
The installation of a material that acts as a roof covering, making it impervious to the weather, such as shingles over sheathing felt, tile, or slate.			
8. Siding, exterior trim, porches	7	7	6
The installation of lumber, panel products or other materials intended for use as the exterior wall covering including all trim.			
9. Windows and exterior doors	9	9	8
The installation of all exterior windows and doors. This includes securely fastening windows and doors plumb and level, square and true and adjusting sash, screens and hardware for smooth and proper operation.			
10. Plumbing—roughed in	3	2	3
Subject to local codes and regulations the installation of all parts of the plumbing system which must be completed prior to the installation of plumbing fixtures or appliances. This includes drain, waste, and vent piping, water supply, and the necessary built-in fixture supports.			
11. Sewage disposal	1	1	1
Subject to local codes and regulations the construction and installation of a wastewater disposal system consisting of a house sewer, a pretreatment unit (e.g., septic tank, individual package treatment plant), an acceptable absorption system (subsurface absorption field, seepage pit, or subsurface absorption bed). The system shall be designed to receive all sanitary sewage (bathroom, kitchen and laundry) from the dwelling, but not footing or roof drainage. It shall be designed so that gases generated anywhere in the system can easily flow back to the building sewer stack.			
12. Heating—roughed in	1	1	1
Subject to local codes and regulations the installation of ducts and/or piping and the necessary supports to minimize the cutting of walls and joist. This rough in is done before finish wall and floor installed.			
13. Electrical—roughed in	2	2	2
Subject to local codes and regulations the installation of conduit or cable and the location of switch, light, and outlet boxes with wires ready to connect. This roughing-in work is done before the dry wall finish is applied, and before the insulation is placed in the walls and ceiling.			
14. Insulation	2	2	2

	In percent—		
	With slab on grade	With crawl space	With base- ment
The installation of any material used in walls, floors, and ceilings to prevent heat transmission as required by FmHA Instruction 1924-A, exhibit D of 7 CFR of part 1924, subpart A.			
15. Dry wall	8	8	7
Dry walling is covering the interior walls using sheets of gypsum board and taped joints.			
16. Basement or porch floor, steps	1	1	6
The construction of basement or porch floors and steps whether wood or concrete.			
17. Heating—finished	3	3	3
Subject to local codes and regulations the installation of registers, grilles and thermostats.			
18. Flooring covering	6	6	5
The installation of the “finish flooring” (the material used as the final wearing surface that is applied to a floor). Floor covering include numerous flooring materials such as wood materials, vinyl, linoleum, cork, plastic, carpet and other materials in tile or sheet form.			
19. Interior carpentry, trim, doors	6	6	5
Installing visible interior finish work (molding and/or trim), including covering joints around window and door openings. The installation of an interior door including frames and trim.			
20. Cabinets and counter tops	1	1	1
Securing cabinets and counter tops (usually requiring only fastening to the wall or floor) that are plumb and level, square and true.			
21. Interior painting	4	4	3
Cleaning and preparation of all interior surfaces and applying paint in strict accordance with the paint manufacturer's instructions.			
22. Exterior painting	1	1	1
Cleaning and preparation of all exterior surfaces and applying paint in strict accordance with the paint manufacturer's instructions.			
23. Plumbing—complete fixtures	4	4	3
Subject to local codes and regulations the installation of a receptor or device which requires both a water supply connection and a discharge to the drainage system, such as water closets, lavatories, bathtubs or sinks. Also, the installation of an energized household appliance with plumbing connections, such as a clothes washer, water heater, dishwasher or garbage grinder.			
24. Electrical—complete fixtures	1	1	1
Subject to local codes and regulations the installation of the fixtures, the switches, and switch plates. This is usually done after the dry wall finish is applied.			
25. Finish hardware	1	1	1
The installation of all the visible, functional hardware in a house that has a finish appearance, including such features as hinges, locks, catches, pulls, knobs, and clothes hooks.			
26. Gutters and downspouts	1	1	1
The installation of a shallow channel of wood, metal, or PVC (gutters) positioned just below and following along the eaves of the house for the purpose of collecting and diverting water from a roof to a vertical pipe (downspouts) used to carry rainwater from the roof to the ground by way of a splash block or into a drainage system.			
27. Grading, paving, landscaping	3	3	3
Landscaping includes final grading, planting of shrubs and trees, and seeding or sodding of lawn areas. Final grading includes the best available routing of runoff water to assure that house and adjacent homes will not be endangered by the path of water runoff. The minimum slope should be 6" in 10' or 5% from the foundation of the home. Paving includes both driveways and walks.			
Total	100	100	100

EXHIBIT B-3 TO SUBPART I OF PART
1944—PRE-CONSTRUCTION AND CON-
STRUCTION PHASE BREAKDOWN

I. *General.* This exhibit will be used by Farmers Home Administration (FmHA) or its successor agency under Public Law 103-354 and the Grantee in determining Grantee performance as required in §1944.417(b) of this subpart.

II. *Determining technical assistance (TA) cost per unit.*

A. Equivalent units are used to measure progress at any time during the period of the grant. It is necessary because self-help grantees have several groups of families in various stages of progress during the period of the grant. The following formula has been developed to provide a more accurate method of determining progress.

FORMULA

Phase breakdown	In percent—	
	Value of each phase	Cumulative
Pre-construction:		
Phase I	10	10
Phase II	10	10
Construction:		
Phase III	80	21-100

B. Using the Description of Phase Breakdown as a guide, the project staff selects the total percentage pertinent to the stage the self-help group is in and multiplies that percentage by the number of families (units) in the group. The result is the equivalent number of units completed. No credit may be given for Phase I, if the application is rejected. When this computation has been completed for each group that falls within Phases I-III, the total number of equivalent units is divided into the total grant funds expended to that date. The result is the TA cost per unit at that stage of the program's progress.

C. The definition of pre-construction and construction phases described are follows:

Pre-Construction

Phase I: Hold community meetings; conduct interviews; obtain house plans; prepare cost estimates; begin search for land; submit family applications to the lender; lender runs credit check; applications. Lender either approves or rejects.

Phase II: Organize an association of section 502 Rural Housing eligible families; association conducts weekly meetings at which required lender forms are discussed and completed; house plans and land sites are selected; outside speakers explain and discuss taxes, insurance, how to keep a checking account, how interest is computed, home maintenance, decorating, and landscaping; etc.;

completed loan dockets for each family are submitted to the lender. Family loan dockets are reviewed and recommendations made as to the loan amounts requested; the lender reviews family loan dockets; preliminary title search of each proposed building site is begun; requests loan check from Finance Office; when check arrives, final title search is made, loan closed, checking accounts opened, and construction begun.

Construction: The grantee will utilize exhibit B-2 which outlines 27 construction tasks to determine the percentage of completed construction activities.

D. The computation of equivalent units and TA costs will be computed as follows:

Exhibit C will be used for recording the following information and construction in this example which starts January 1.

STEP 1

Both the grantee and FmHA or its successor agency under Public Law 103-354 review the FmHA or its successor agency under Public Law 103-354 loan application records to determine the percentage of completion for each family in the pre-construction phase of the program. These are Phases I-III. Total these percentages to find the number of "equivalent units" (EUs) completed at that date during pre-construction. For example, if there are eight families in Group #2 and all have completed the 20 percent phase of pre-construction, then there would be 1.6 EUs in the pre-construction phase of the program as of that date. Each phase must be completed before it is considered in the calculation.

STEP 2

Refer to the records of construction progress for families in the construction Phase III. As of that date, the director totals the percentage of completion figures for each family as follows:

Askew	0.45
Whited	0.40
Martinez	0.40
Gonzalez	0.38
Sherry	0.34
Duran	0.33
Johnson	0.13
Harvey	0.31

EUs 2.92

Total production in the construction phase is therefore 2.92 EUs as of that date.

STEP 3

Add the pre-construction and construction subtotals together:

Pre-construction	1.60
Construction	2.92
Total EUs	4.52

RHS, RBS, RUS, FSA, USDA

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This provides the total EUs of production during the first three months of operation. Steps 1, 2, and 3 will be used to complete items 7, 8 and 9 of exhibit B of this subpart.

III. Preparation:

Compile exhibit B of this subpart in an original and four copies. The exhibit will be signed by the TA Grantee. Submit the original and three copies of the exhibit quarterly to FmHA or its successor agency under Public Law 103-354 County Office on or before January 15, April 15, July 15, and October 15, of each year for the quarters ending March 31, June 30, September 30, and December 31 of each year. The District Director will keep the original and forward two copies to the State Office. The State Office will forward one copy to the National Office. The State Office will prepare information concerning TA grants closed within 30 days of the end of a quarter on the next quarterly report.

**EXHIBIT C TO SUBPART I OF PART 1944—
AMENDMENT TO SELF-HELP TECHNICAL ASSISTANCE GRANT AGREEMENT**

This Agreement dated, ____ 19 ____
between _____
a nonprofit corporation ("Grantee"), organized and operating under _____

(authorizing State Statute)

and the United States of America acting through the Farmers Home Administration, Department of Agriculture ("FmHA") or its successor agency under Public Law 103-354, amends the "Self-Help Technical Assistance Grant Agreement" between the parties dated ____ 19 ____, ("Agreement").

The Agreement is amended by providing additional financial assistance in the amount of ____ to be made available by FmHA or its successor agency under Public Law 103-354 to Grantee pursuant to section 523 of Title V of the Housing Act of 1949 for the purpose of assisting in providing a program of technical and supervisory assistance which will aid low-income families in carrying out mutual self-help housing efforts; or

The Agreement is amended by changing the completion date specified in covenant 1 from ____ to ____ and by making the following attachments to this amendment: (List and identify proposal and any other documents pertinent to the grant.)

Agreed to this ____ day of ____ 19 ____.

(Name of Grantee)

By _____

(Signature)

(Title)

United States of America

By _____

(Signature)

(Title)

Farmers Home Administration or its successor agency under Public Law 103-354

**EXHIBIT D TO SUBPART I OF PART 1944—
SELF-HELP TECHNICAL ASSISTANCE
GRANT PREDEVELOPMENT AGREEMENT**

This grant predevelopment agreement dated, ____ 19 ____, is between _____
a nonprofit corporation ("Grantee"), organized and operating under _____
(authorizing State statute)

and the United States of America acting through the Farmers Home Administration, Department of Agriculture ("FmHA") or its successor agency under Public Law 103-354.

In consideration of financial assistance in the amount of \$ ____ ("Grant Funds") to be made available by FmHA or its successor agency under Public Law 103-354 to Grantee under section 523 (b)(1)(A) of the Housing Act of 1949 to be used in (specify area to be served) _____ for the purpose of developing a program of technical and supervisory assistance which will aid low-income families in carrying out mutual self-help housing efforts, Grantee will provide such a program in accordance with the terms of this Agreement and FmHA or its successor agency under Public Law 103-354 regulations.

Grant funds will be used for authorized purposes as contained in §1944.410(d) of 7 CFR part 1944, subpart I, as necessary, to develop a complete program for a self-help TA grant. This will include recruitment, screening, loan packaging and related activities for prospective self-help participants.

Agreed to this ____ day of ____ 19 ____.

(Name of Grantee)

By _____

(Signature)

(Title)

United States of America

By _____

(Signature)

(Title)

Farmers Home Administration or its successor agency under Public Law 103-354

EXHIBIT E TO SUBPART I OF PART 1944—
GUIDANCE FOR RECIPIENTS OF SELF-
HELP TECHNICAL ASSISTANCE
GRANTS (SECTION 523 OF HOUSING
ACT OF 1949)

7 CFR part 1944, subpart I provides the specific details of this grant program. The following is a list of some functions of the grant recipients taken from this subpart. With the list are questions we request to be answered by the recipients to reduce the potential for fraud, waste, unauthorized use or mismanagement of these grant funds. We suggest the Board of Directors answer these questions every six months by conducting their own review. Paid staff should not be permitted to complete this evaluation.

A. FAMILY LABOR CONTRIBUTION

1. Does your organization maintain a list of each family and a running total of hours worked (when and on what activity)? ... Yes No
2. Are there records of discussions with participating families counselling them when the family contribution is falling behind? Yes No
3. Are there obstacles which prevent the family from performing the required tasks? Yes No

B. USE OF GRANT FUNDS

1. Were grant funds used to pay salaries or other expenses of personnel not directly associated with this grant? Yes No
2. Were grant funds used to pay for construction work for participating families? Yes No
3. Were all purchases or rentals (item and cost) of office equipment authorized? Yes No
4. Are all office expenses authorized by 7 CFR part 1944, subpart I? Yes No
5. Was a record of long distance telephone calls maintained and was that log and telephone checked? Yes No
6. Was all travel and mileage incurred for official business and properly authorized in advance? Yes No
7. Were mileage and per diem rates within authorized levels? Yes No
8. Were participating families charged for use of tools? Yes No
9. Were grant funds expended to train grant personnel? Yes No
10. Was training appropriate for the individual trainee? Yes No
11. Were any technical or consultant services obtained for participating families? Yes No

12. Were the provided technical or consultant services appropriate in type and cost? Yes No

C. FINANCIAL RESPONSIBILITIES

1. Does each invoice paid by the grant recipient match the purchase order? Yes No
2. Does each invoice paid by the borrower and FmHA or its successor agency under Public Law 103-354 match the purchase order? Yes No
3. Were purchases made from the appropriate vendors? Yes No
4. Are the invoices and itemized statements totalled for materials purchased for individual families? Yes No
5. Is there a record of deposits and withdrawals to account for all loan funds? Yes No
6. Are checks from grant funds signed by the Board Treasurer and Executive Director? Yes No
7. Are grant funds deposited in an interest bearing account? Yes No
8. Are checks from loan funds prepared by the grant recipient for the borrower's and lender's signature? Yes No
9. Are checks from loan funds accompanied by accurate invoices? Yes No
10. Are any borrower loan funds including interests, deposited in grantee accounts? Yes No
11. Are checks from loan funds submitted to FmHA or its successor agency under Public Law 103-354 more often than once every 30 days? Yes No
12. Is the reconciliation of bank statements for both grant and loan funds completed on a monthly basis? Yes No
13. If the person who issues the checks also reconciles them, does the Executive Director review this activity? Yes No
14. Are materials purchased in bulk approved by the Executive Director? Yes No
15. Was the amount of materials determined by both the Executive Director and construction staff? Yes No
16. Were any participating families consulted about the purchase of materials? Yes No
17. Were savings accomplished by the bulk purchase method? Yes No
18. Did the Executive Director review the purchase order and the ultimate use of the materials? Yes No

RHS, RBS, RUS, FSA, USDA

Pt. 1944, Subpt. I, Exh. F

19. Are materials covered by insurance when stored by grantee? Yes No

D. REPORTING

1. Are "Requests for Advance or Reimbursement" made once monthly to the FmHA or its successor agency under Public Law 103-354 District Office? Yes No
2. Has the grant recipient engaged a certified public Accountant (CPA) or CPA firm to review their operations on a regular basis: (Annually is preferable but every two years and at the end of the grant period are requirements)? Yes No
3. Are the quarterly evaluation reports submitted on time to the County Supervisor? Yes No

What, if any, problems exist that need to be corrected for effective management of the grant project?

Date _____

President, Board of Directors
(Period covered by report ____)

Answer Key

The following answers should help your organization in assessing its vulnerability to fraud, waste, and abuse. You should take actions to correct practices that now generate an answer different from the key.

Question	Answer
A. 1	Yes
A. 2	Yes
A. 3	Yes
B. 1	No
B. 2	No
B. 3	Yes
B. 4	Yes
B. 5	Yes
B. 6	Yes
B. 7	Yes
B. 8	No
B. 9	Yes
B. 10	Yes
B. 11	Yes
B. 12	Yes
C. 1	Yes
C. 2	Yes
C. 3	Yes
C. 4	Yes
C. 5	Yes
C. 6	Yes
C. 7	No
C. 8	Yes
C. 9	Yes
C. 10	No
C. 11	No
C. 12	Yes

Question *Answer*

C. 13	Yes
C. 14	Yes
C. 15	Yes
C. 16	Yes
C. 17	Yes
C. 18	Yes
C. 19	Yes
D. 1	Yes
D. 2	Yes
D. 3	Yes

**EXHIBIT F TO SUBPART I OF PART 1944—
SITE OPTION LOAN TO TECHNICAL
ASSISTANCE GRANTEES**

I. OBJECTIVES

The objective of a Site Option (SO) loan under Section 523(b)(1)(B) of Title V of the Housing Act of 1949 is to enable technical assistance (TA) grantees to establish revolving fund accounts to obtain options on land needed to make sites available to families that will build their own homes by the self-help method. An SO loan will be considered only when sites cannot be made available by other means including a regular Rural Housing Site (RHS) loan.

II. ELIGIBILITY REQUIREMENTS

To be eligible for an SO loan, the applicant must be a TA grantee that is currently operating in a satisfactory manner under a TA grant agreement. If the SO loan applicant has applied for TA funds but is not already a TA grantee and it appears that the TA grant will be made, the SO loan may be approved but not closed until the TA grant is closed.

III. LOAN PURPOSES

Loans may be made only as necessary to enable eligible applicants to establish revolving accounts with which to obtain options on land that will be needed as building sites by self-help families participating in the TA self-help housing program. Loans will not be made to pay the full purchase price of land but only for the minimum amounts necessary to obtain an option from the seller. The option should be for as long as necessary but in no case should the option be for less than 90 days.

IV. LIMITATIONS

(A) If the amount of an SO loan will exceed \$10,000, the prior consent of the National Office shall be obtained before approval.

(B) The amount of the SO loan should not exceed 15 percent of the purchase price of the land expected to be under option at any one time, unless a higher percent is authorized by the State Director when other land is not available or the particular area requires

more down payment than elsewhere or similar circumstances exist.

(C) Form FmHA or its successor agency under Public Law 103-354 440-34, "Option to Purchase Real Property," will be used without modification in all cases for obtaining options under this subpart.

(D) The limitations of §1822.266(b) (1) and (2) of subpart F of part 1822 of this chapter (FmHA Instruction 444.8, paragraphs VI B (1) and (2)) concerning land purchase will apply to options purchased under this subpart.

V. RATES AND TERMS

(A) *Interest.* Loans will be made at an interest rate of 3 percent.

(B) *Repayment period.* Each SO loan will be repaid in one installment which will include the entire principal balance and accrued interest. The maximum repayment period for each SO loan will be the applicant's remaining TA grant funding period.

(1) A shorter repayment period will be established if SO funds will not be needed for the entire TA grant funding period.

(2) If a regular RHS loan is to be processed, the SO loan should be scheduled for repayment when RHS loan funds will be available to purchase the land and repay the amount of SO funds advanced on the option, unless SO loan funds will still be needed to purchase other options. Under no circumstances, however, will the repayment period exceed the applicant's remaining TA grant funding period.

VI. PROCESSING APPLICATION

(A) *Form of application:* The application for assistance will be in the form of a letter to the FmHA or its successor agency under Public Law 103-354 County Supervisor having jurisdiction over the area of the proposed site to be optioned. The letter will be signed by the applicant or its authorized representative and contain, as a minimum, the following information:

(1) A copy of the proposed option that shows a legal description of the land, option price, purchase price, and terms of the option. If more than one site is to be purchased, a schedule of the proposed options should be included.

(2) Information to verify that a regular RHS loan cannot be processed in time to secure the option.

(3) Proposed method repayment of the SO loan.

(4) Resolution from the applicant's governing body authorizing the application for an SO loan from FmHA or its successor agency under Public Law 103-354.

(B) *Responsibility of the County Supervisor.* Upon receipt of an SO loan application, the County Supervisor will:

(1) Determine whether the applicant is eligible. If the applicant is not eligible, or the

loan cannot be made for other reasons, the application may be rejected by the County Supervisor with the concurrence of the District Director. The reasons for the rejection should be clearly stated and provided, in writing to the applicant. The applicant will have the right to have the decision reviewed following the procedure established in subpart B of part 1900 of this chapter.

(2) Review and verify the accuracy of the information provided.

(3) Make an inspection and a memorandum appraisal of each proposed site "as is." The appraisal will include a narrative statement as to whether the site has been recently sold, verify that the seller is the owner of the property, and indicate whether the purchase price is acceptable based on the selling price of similar properties in the area.

(4) Indicate whether or not it appears that, considering the location and cost of development, adequate building sites can be provided at reasonable costs.

(5) If the option is for a tract of land on which 5 or more sites are proposed, the County Supervisor will forward to the District Director with recommendations as defined in §1924.119 of subpart C of part 1924 of this chapter.

(6) If approval is recommended, prepare and have the applicant execute Form FmHA or its successor agency under Public Law 103-354 1940-1, "Request for Obligation of Funds," for the amount needed. Copies of the form will be distributed as provided in the Forms Manual Insert (FMI).

(7) Forward the SO loan application and the applicant's TA application or TA docket to the State Director. The submission will include the appraisal report and the County Supervisor's comments and recommendations.

VII. LOAN APPROVAL AUTHORITY AND STATE OFFICE ACTIONS

The State Director is authorized to approve SO loans developed in accordance with this exhibit. The approval or disapproval of the loan will be handled in the same manner as provided in §1822.272 of subpart F of part 1822 of this chapter (FmHA Instruction 444.8, paragraph XII). SO loans will be established in Automated Multiple Housing Accounting System (AMAS) using Form FmHA or its successor agency under Public Law 103-354 1944-51, "Multiple Family Housing Obligation Fund Analysis". The Issue loan/Grant checks transaction will be used to request a check for SO loans.

VIII. LOAN CLOSING

(A) *General.* Loan closing instructions will be provided by the Office of the General Counsel (OGC) to assure that the Promissory Note is properly completed and executed.

The County Supervisor may then close the loan.

(B) *Security for the loan.* The loan will be secured by a Promissory Note properly executed by the grantee using Form FmHA or its successor agency under Public Law 103-354 1940-16, "Promissory Note." A lien on the optioned real estate will not be taken.

(1) The "kind of loan" block on the note will read "SO loan."

(2) The note will be modified to show that the only installment on the loan will be the final installment.

(C) *Loan is closed.* The loan will be considered closed when the note is executed and the loan check delivered to the grantee.

IX. ESTABLISHMENT OF SO LOAN REVOLVING ACCOUNT

(A) Supervised bank accounts will not be used for SO loans.

(B) Grantee will deposit SO loan funds in a depository institution of its choice. The use of minority institutions is encouraged. Such funds will remain separate from any other account of the grantee and shall be established as an SO revolving account.

(C) Checks drawn on the revolving account will be for the sole purpose of purchasing land options and must be signed by at least two authorized officials of the grantee who have been properly bonded in accordance with § 1944.411 (e) and (g) of this subpart.

(D) Grantees will not expend funds for any options until the site and the option form have been reviewed and approved by the County Supervisor.

(1) SO funds will not be left unused in the revolving account in excess of 60 days.

(2) If the funds are not used for the intended purpose within the 60 days specified above, the unused portion will be refunded on the account.

(E) When funds become available for repayment of the SO loan, such funds will be deposited in the revolving account for the purchase of additional site options if needed. If such funds are not needed to purchase more options, they will be applied on the SO loan.

X. SOURCE OF FUNDS

SO loans will be funded from the self-help housing land development fund.

Subpart J [Reserved]

Subpart K—Technical and Supervisory Assistance Grants

SOURCE: 44 FR 36891, June 22, 1979, unless otherwise noted.

§ 1944.501 General.

(a) This subpart sets forth the policies and procedures for making grants under section 525(a) of the Housing Act of 1949, 42 U.S.C. 1490e(a), to provide funds to eligible applicants to conduct programs of technical and supervisory assistance (TSA) for low-income rural residents to obtain and/or maintain occupancy of adequate housing. Any processing or servicing activity conducted pursuant to this subpart involving authorized assistance to FmHA or its successor agency under Public Law 103-354 employees, members of their families, known close relatives, or business or close personal associates, is subject to the provisions of subpart D of part 1900 of this chapter. Applicants for this assistance are required to identify any known relationship or association with an FmHA or its successor agency under Public Law 103-354 employee. This financial assistance may pay part or all of the cost of developing, conducting, administering, or coordinating effective and comprehensive programs of technical and supervisory assistance which will aid needy low-income individuals and families in benefiting from federal, state, and local programs in rural areas.

(b) The Farmers Home Administration (FmHA) or its successor agency under Public Law 103-354 will provide technical and supervisory grant assistance to applicants without discrimination because of race, color, religion, sex, national origin, age, marital status, or physical or mental handicap.

[44 FR 36891, June 22, 1979, as amended at 58 FR 228, Jan. 5, 1993]

§ 1944.502 Policy.

(a) The policy of the FmHA or its successor agency under Public Law 103-354 is to provide Technical and Supervisory Assistance to eligible applicants to do the following:

(1) Provide homeownership and financial counseling to reduce both the potential for delinquency by loan applicants and the level of payment delinquency by present FmHA or its successor agency under Public Law 103-354 housing loan borrowers; and

(2) Facilitate the delivery of housing programs to serve the most needy low-